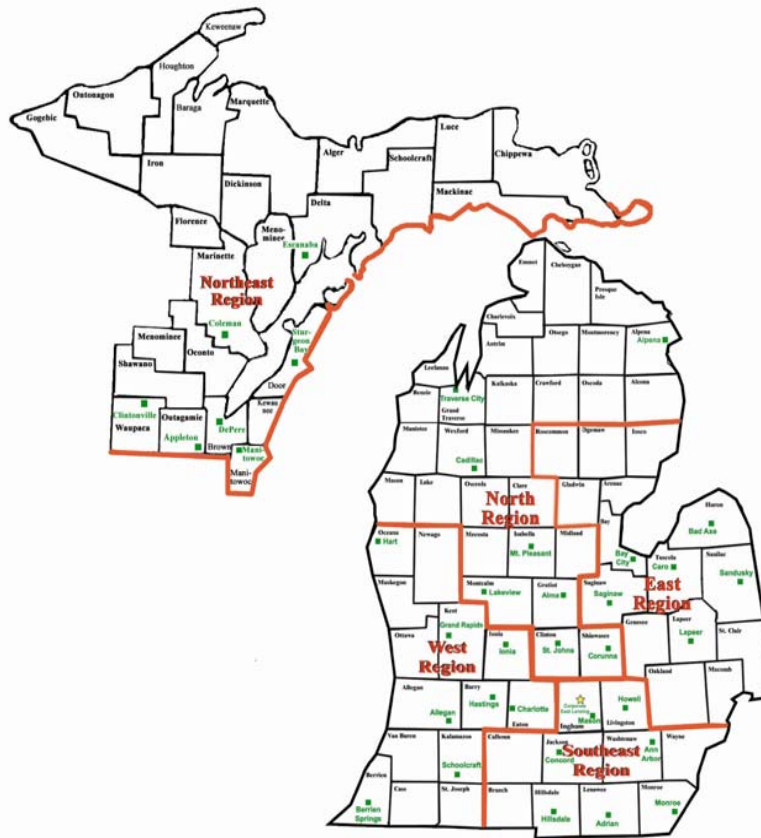


GreenStone FCS Project Financing

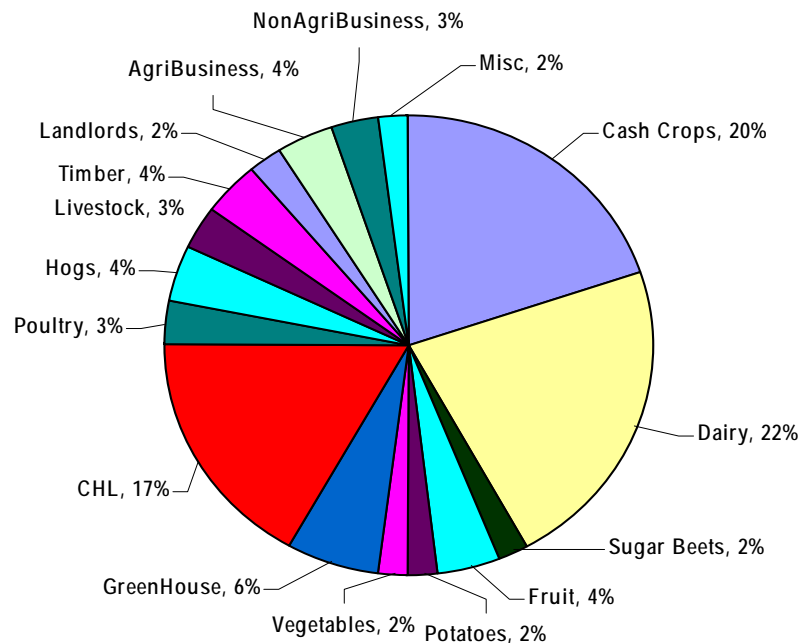


GreenStone Farm Credit Services



- Largest Lender to Agriculture in the State of Michigan (65%+ Market Share)
- 4th Largest FCS In US
- Service Area Includes State of MI and 11 Counties in NE Wisconsin
- Total loan and lease assets in excess of 4.0 billion dollars
- 17,000 Customers

Livestock Portfolio



- Dairy is largest segment representing 22% of total GFCS portfolio
- Poultry, swine & other livestock represent an additional 11% of GFCS portfolio.
- Approximately 1/3 of loan portfolio (by volume) is concentrated in the livestock sectors
- Significant potential for more digesters and other alternative energy projects

GFCS Digester History / Experience

- A few operations employed digester technology in the early 1980's and mid 1990's with limited success (mostly failures)
- As a result, subsequent interest in anaerobic digesters was almost non-existent until 2004
- Success and advancements in Germany and Denmark overcame most of the obstacles originally faced in the U.S. resulting in more proven technology
- Wisconsin dairy operations first to embrace the technology and request GFCS financing

GFCS Digester History / Experience

- Revenue from power sales more favorable in Wisconsin than in Michigan
- Although there has been some challenges, to date, operations with anaerobic digesters are working
- Separated manure bedding takes strong management but does work. There is also a market for excess bedding
- Knowledge base and proven management techniques are expanding as more digesters come on line
- USDA and other grants have been important in recent projects

Financing/Financial Considerations

- Capital costs are significant, especially if accompanied by generators, boilers, gas scrubbing and gas compression equipment. Analysis would indicate a minimum of 700 cows for economic feasibility
- Technology of the planned equipment should be proven. Several “turn key” companies have proven technology
- Operations considering and anaerobic digester should have a sound financial position and free cash flow (prior to adding digester) that can support the extra cost or debt associated with these additional capital costs
- Operation of an anaerobic digester (and energy equipment) requires time and significant management

Financing/Financial Considerations

- Is the existing livestock operation well managed and does management have the depth to assume the additional management requirements of the digester and related energy equipment
- The operation must be of a sufficient size and scope to match up with the capital cost and volume of feedstock needed to optimally operate the digester
- The digester adds no value to the overall facility if it does not work or is not properly managed (collateral & cash flow implications)

Financing/Financial Considerations

- Capital cost must be offset by lower operating costs for bedding, manure handling. Owners consider the liquid manure handling benefits one of the greatest enhancements. (irrigate-lower concentration readily available nutrients-nearby fields)
- Capital cost for energy equipment must be offset by savings in internal energy costs and external energy sales. External energy sales should be supported by contractual arrangements (volume / price)
- Engine match and engine maintenance are major considerations. Need the right engine and technology to deal with sulfur issues.

GFCS Environmental Guidelines

- GFCS has been proactive in ensuring customers employ sound environmental management
- Sound environmental management has a positive impact for both the customer and overall GFCS credit risk
- On all large animal feeding operations, GFCS will require compliance with all State & Federal Environmental Regulations
- Anaerobic Digesters have the ability to assisting in meeting these goals with reduced odors, reduced pathogens, and manure handling improvements

Getting Started

- Detailed construction costs (firm bids or turn key proposal)
- Cash flow projections through construction period, ramp-up to full utilization
- Equity Source (Grants-Cash-Real Estate) Generally will require 35% equity
- Assistance (Consultants-Academia-Peers)
- Timing (Grants-Digester Start-Up)

Thank you!

